

- A sharp rise in commercial paper issuances, easing yields.
- Credit growth to MSME

◉ Spread of The Pandemic

■ Global Spread

- ▶ Since its first outbreak in Wuhan, China, COVID-19 has infected all continents, including Antarctica (in December, 2020), and more than 220 countries.

■ Spread of Pandemic in India

- ▶ India imposed a stringent nation-wide lockdown during the initial phase of the pandemic in March-April, 2020, followed by gradual unlocking and phasing out of the containment measures.
- ▶ India crossed its peak in mid-September new cases have moved down in January, 2021.
- ▶ India's share in new cases load globally has drastically come down from 31 per cent in September, 2020 to 4 per cent in December, 2020.
- ▶ India rapidly ramped up its capacity to rapidly scale-up tests.

◉ Policy Dilemmas Underlying COVID-19

■ 'Lives Vs Livelihoods'

- ▶ Given the fast spread of the pandemic, the immediate public health policy priority was, 'flattening the epidemiological curve' to mitigate the impact of the spread.
- ▶ COVID-19, therefore led the world to the predicament of saving 'lives' or 'livelihoods' as the steps taken to flatten the infection curve, steepened the macroeconomic recession curve.

■ Demand-side and Supply-side Shocks (Twin Economic Shock)

- ▶ **Demand Side:** Increased uncertainty, lower confidence, loss of incomes, weaker growth prospects, fear of contagion, curtailment of spending options due to closure of all contact-sensitive activities, the triggering of precautionary savings, risk aversion among businesses and resultant fall in consumption and investment – leading to the first order demand shock.
- ▶ **Supply Side:** The supply chain disruptions caused by closure of economic activity and restricted movement of labour lead to the first order supply shocks.

◉ Disruption of Global Economy by the Pandemic

- ▶ The month of April 2020 became the month of "Global Lockdown" with world economic activity coming to a standstill—leading to a steep fall in output during second quarter of 2020.
- ▶ Global output is expected to witness the sharpest contraction in a century, contracting in the range of 3.5 - 4.3 per cent in 2020 as per the estimates provided by IMF and World Bank.
- ▶ The pandemic induced border closures and supply disruptions interrupted the international provision of goods and services.
- ▶ Global trade is projected to contract by 9.2 per cent in 2020—comparable to the decline during the 2009 global recession but affecting a markedly larger share of economies.
- ▶ Trade has, however, played a critical role in responding to the pandemic, allowing countries to secure access to vital food and medical supplies.
- ▶ The recovery in oil prices was more modest amid concerns over the pandemic's lasting impact on oil demand.